

INITIAL STATEMENT OF REASONS

Explanation of Tandem Regulation Format and Process for Review

The format of these regulations is shown in tandem for certain regulations that will no longer be operational with statewide implementation of Quarterly Reporting/Prospective Budgeting (QR/PB). Counties will stagger implementation of QR/PB as their automation systems can be programmed to operate under the new QR/PB rules. Therefore, the tandem format is necessary to keep current Monthly Reporting (MR) regulations in place for those counties that are pending QR/PB implementation until all counties are operational statewide. When the term "(MR)" is marked prior to a regulation cite, this designation indicates that the specific regulation or continuing set of regulations will become non-operational with implementation of QR/PB. Those regulations designated as "(QR)" are those that become operational with implementation of QR/PB. Upon statewide implementation of QR/PB, regulations designated at (MR) will become obsolete on the date given in the county's declared implementation letter or no later than July 1, 2004.

We will not rejustify or are we intending to solicit public comment on the MR portion of regulations that are shown as being readopted (as underlined in the QR portion) because they are merely a carryover from existing regulations. They have been subject to a prior public hearing and comment process and are not substantively different than current practice. Therefore, the factual basis for regulations that continue under the current program will read as follows: "This section is necessary to ensure the continuation of current requirements that remain relevant under QR." An example of such a regulation is:

- .12 Section XX-XXX(MR) shall become inoperative and Section XX-XXX(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Additional Requirement for Establishing Certification Periods for Monthly Reporting Households

(QR) Additional Requirements for Establishing Certification Periods for Quarterly Reporting Households

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

Section 63-034

Specific Purpose:

This section is being adopted in Chapter 63-000 as part of the existing implementation schedule for the purpose of documenting the authority for implementation of Quarterly Reporting (QR) in the Food Stamp Program (FSP) and to also clarify the sections impacted by the changes imposed by state statute and federal waivers necessary for QR/PB implementation.

Factual Basis:

This section is necessary because the FSP was directed by Sections 18910, 11265.1, .2 and .3 of Welfare and Institutions Code as amended by Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) to implement a QR reporting system to be compatible with the California Work Opportunity and Responsibility to Kids Act (CalWORKs) program and to seek federal waivers where necessary to comply with that directive. Federal waivers were received from the Food and Nutrition Service (FNS) on April 1, 2003. The following federal regulations were waived to provide compliance with QR in Welfare and Institutions Code Sections 18910, 11265.1, .2, and .3:

1. 7 CFR 273.3(b) pertains to residence out of a county. The waiver approval allows the County Welfare Department (CWD) to continue food stamp benefits when the household's CalWORKs case is being transferred out of county. Discontinuance of the food stamp case will now occur at the same time the CalWORKs discontinuance occurs at the end of a 60-day transfer period. Prior to this waiver, the food stamp case was required to be discontinued immediately upon an address change to a different county of residence.
2. 7 CFR 273.10(c)(2)(1) pertains to using the same income conversion factors as used in the CalWORKs program. Conversion factors translate weekly and bi-weekly income to a monthly figure. The State requested a waiver, but was instructed by FNS that the authority to use its CalWORKs conversion factors in the FSP is a state option. Therefore, the FSP is adopting conversion factors used by the CalWORKs program of 2.167 for bi-weekly income and 4.33 for weekly income. These conversion factors promote compatibility between the CalWORKs and FSPs and also simplifies automation programming for both programs.
3. 7 CFR 273.10(c)(3) pertains to averaging income over the food stamp certification period for fluctuations in income. The federal waiver of this section provides the State with the authority to average income over the three-month QR Payment Quarter. Under QR, income can now be "reasonably anticipated" as provided in 7 CFR 273.10(c) and projected over the next quarter based on information obtained on the QR 7.

4. 7 CFR 273.10(d)(3) pertains to averaging expenses. Households may currently elect to have fluctuating expenses averaged and may also elect to have expenses, which are billed less often than monthly, averaged forward over the interval between scheduled billings. The federal waiver provided the authority to average expenses over the quarter, except for shelter expenses. Shelter expenses under QR, will be established at application and recertification and will be frozen until the recipient reports a change.
5. 7 CFR 273.10(d)(4) pertains to anticipating expenses from certification period to recertification period based on the most recent month's bills, unless the household is reasonably certain a change will occur. The federal waiver provides states with the authority to anticipate expenses over the quarter, except when the recipient elects actual expenses above the standard utility amount (flat amount allowed as a deduction from income). If actual expenses are elected, those expenses must continue to be averaged over the certification period, which is generally 12 consecutive months.
6. 7 CFR 273.10(f)(4) pertains to ending certification periods. Current regulations do not allow state agencies to end a certification period earlier than its assigned termination date, unless the agency receives information that the household had not complied with requirements of the program. This section was waived to allow synchronization at initial conversion from MR to QR between the CalWORKs redetermination period, the FSP certification period and the QR reporting cycle.
7. 7 CFR 273.12(f)(1) currently specifies that public assistance (PA) households, those food stamp households that receive a public assistance grant such as CalWORKs, that report a change in circumstances to their CalWORKs worker must be considered to have reported the change for food stamp purposes. Under QR, the federal waiver gives the state authority to act only on certain mid-quarter reports [refer to Manual and Policy Procedures (MPP) Sections 63-509(b) and (c)] made by the recipient to their CalWORKs worker as follows: (1) the CalWORKs income threshold for family size, drug/fleeing felons, (2) changes that would increase benefits during the quarter, (3) a request by the recipient for discontinuance of benefits and (4) information that is "known to the county" [refer to MPP Section 63-509(h)(3)], such as Social Security benefit increases, CalWORKs grant changes, etc. In the FSP, the recipient is required to report address changes and hours of work for Able Bodied Adults Without Dependents (ABAWDs).
8. 7 CFR 273.12(c)(2)(i) and (ii) currently requires the CWD to act on all changes reported for both increases and decreases in benefits. The federal waiver of this section provided the state with the authority to act only on voluntarily reported information during the quarter that increases benefits. It also provides for increases to be made no later than by the 10th day following the receipt of verification, which differs from current rules that require the change to be made no later than by the 10th day of the following month.

9. 7 CFR 273.18(c) pertains to calculating the amount of claims or overissuances in a timely and accurate reporting and in accordance with 10-day recipient noticing requirements. Waiver of this section provided authority for the program to assign overissuances only when the requirements of the QR system are not met or due to an administrative error. For example: With MR, an overissuance (O/I) would be assigned any time the household failed to report receipt of income. In QR, an O/I would not be assigned for income changes that are not required to be reported.
10. 7 CFR 273.18(d) pertains to recoupment of overissuances. Waiver of this section allows overissuances to be computed using prospective budgeting and anticipated income rules and to provide that collection of an overissuance begin only at the beginning of a quarter to be compatible with the CalWORKs program.
11. 7 CFR 273.21(k) pertains to providing the household an opportunity to participate in the FSP if a completed income report is received after the extended filing date; the first day of the next month in the MR system. It also provides states with an option to suspend benefits for the next 30 days or take a new application. California opted for taking a new application if the report form is received after the extended filing date. Waiver of this section provides the authority for the state to offer the household a claim of "good cause" for late reporting. Under QR, if "good cause" (refer to MPP Section 63-508.64) is established, the household would not be required to file a new application. Benefits would be continued for a "good cause" determination.

Section 63-102(c)(11)

Specific Purpose:

This section is adopted to include a definition of "Change Reporting Households." The definition sets apart change reporting households from QR households for clarification purposes, and also because the term "nonmonthly reporting households," which currently refers to households exempt from MR, is no longer a relevant term in QR. The term "nonmonthly reporting households" is being replaced with the term "change reporting households."

Factual Basis:

The term "change reporting households" is a relevant term in QR. The term "nonmonthly reporting households" also refers to a household that is QR and therefore, no longer specific enough to define households exempt from QR. The adoption represents only a change in terms used to refer to the type of household. The composition of the household does not change under QR.

Section 63-102(c)(12)

Specific Purpose:

This section is adopted to include a new QR definition of “Conversion Factor.” The definition states that weekly and bi-weekly income is averaged to a monthly figure by using multipliers of 4.33 for income paid weekly and by 2.167 for income received bi-weekly. This change is necessary to align these factors with the CalWORKs program and to simplify programming of county automation systems.

Factual Basis:

This adoption is necessary to change the current income conversion factors from 2.16 to 2.167 for bi-weekly income and from 4.3 to 4.33 for weekly income. These factors are used to convert income to an averaged monthly income amount. Requirements at 7 CFR 273.10(c)(2) gives states authority to use conversion factors from other public assistance programs.

Section 63-102(c)(13)

Specific Purpose:

This section is adopted to include a new QR definition of “County Initiated Mid-Quarter Actions.” The definition clarifies that change in eligibility status is based on case information that the CWD is required to act on during the quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.2 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) allows CWDs to act on certain changes during the quarter that are required under existing regulations and that were not amended through state law or federal waiver. There are certain requirements in both the CalWORKs and FSP that were not waived, but still need to be acted on in mid-quarter such as the imposition of sanctions, or approval of benefits for an existing household member who has moved to another household. When events such as these occur, the county is required to take an action, which generally will decrease benefits mid-quarter.

Sections 63-102(c)(14) and (15) (Renumbered)

Specific Purpose/Factual Basis:

These sections are being renumbered for consistency.

Section 63-102(e)(5)

Specific Purpose:

This section is amended to include the current definition of "Extended Filing Date" for QR. This language remains unchanged from existing current (MR) language except to now apply it for QR purposes.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR. The provisions in existing MR regulations instruct the CWDs to rescind discontinuance of the food stamp case when the monthly income report is received on the extended filing date, which is the first day of the month following its due date. This procedure does not change with QR. In QR, discontinuance of a case will continue to be rescinded when the quarterly report is received on the extended filing date.

Section 63-102(e)(6) (Renumbered)

Specific Purpose/Factual Basis:

This section is being renumbered for consistency.

Section 63-102(i)(6)

Specific Purpose:

This section is adopted to include a new QR definition of "Income Reporting Threshold (IRT)" and clarifies that it is a level of income that triggers the need for a CalWORKs Assistance Unit (AU) to make a mandatory mid-quarter report of a change in income.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(c) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 692 (Chapter 1024, Statutes of 2002), states that IRT means the level of income at which the recipient must report an income change. It is a mandatory reporting requirement for CalWORKs recipients during the quarter and also triggers a review of the food stamp case. The IRT is an amount determined by the California Department of Social Services (CDSS) that is likely to render the CalWORKs household ineligible.

Sections 63-102(i)(7) through (9)

Specific Purpose/Factual Basis:

These sections are being renumbered for consistency.

Section 63-102(i)(10)

Specific Purpose:

This section is adopted to include a new QR definition of "Issuance Month" and states that it is any month in a quarter in which a benefit is paid. The definition remains in regulation to make clear that issuance month under QR is different from the previous definition under MR. In MR, which is retrospectively budgeted, it means the second month after the budget month. In QR, it simply means any month in which a benefit is paid.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) clarifies that, under QR, issuance month means a month in which a benefit is paid. If the quarter is January, February, and March, the CWDs will refer to a specific month in the quarter as a January issuance month, etc., and most often when an overissuance of benefits is computed. But, more specifically, the term is left in regulation because in MR it had a significantly different meaning than it does in QR and the distinction needs to be made.

Sections 63-102(i)(11) and (12)

Specific Purpose/Factual Basis:

These sections are being renumbered for consistency.

Section 63-102(m)(7)

Specific Purpose:

This section is adopted to include a new QR definition of "Mid-Quarter" and states that it means any change reported during the QR Payment Quarter that is outside the requirements for reporting on the quarterly reporting form. There are two types of mid-quarter reports: (1) a mandatory report, which is required to be reported; (2) a voluntary report, which is not required to be reported. Mandatory reports usually result in decreased benefits mid-quarter; but, voluntary reports can only result in increased benefits mid-quarter. A CWD cannot decrease benefits based on voluntary reports made by the household. Benefits must only be increased when a voluntary report is received.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7), and for mid-quarter recipient mandatory and voluntary reports. A mid-quarter report refers to recipient mandatory and voluntary reports made within a particular quarter, but outside the QR 7 process.

Sections 63-102(m)(8) through (10) (Renumbered)

Specific Purpose/Factual Basis:

These sections are renumbered for consistency.

Section 63-102(q)(1)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Implementation Month" and states that it means the month in which all of a CWD's cases are converted to QR subject to the Director's Declaration.

Factual Basis:

Section 70 of AB 444 (Chapter 1022, Statutes of 2002) specifies that QR becomes operative in a county only by Director's Declaration and approval of FSP waivers. The Director of the CDSS has issued a schedule of county implementation dates for which counties must comply. Federal waivers were received from the Food and Nutrition Service as required by this Welfare and Institutions Code Section to provide for QR implementation in the FSP.

Section 63-102(q)(2)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Data Month" and states that it means the second month of the quarter for which the recipient reports all information necessary to determine eligibility for the next QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7). The first month of the quarter is referred to as the beginning or first month; the second month as the Data Month; and, the third as the Submit Month.

Section 63-102(q)(3)

Specific Purpose:

This section is adopted to include a definition of “QR/PB,” which means Quarterly Reporting/Prospective Budgeting and is also generally known as “QR”.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) authorized implementation of QR/PB, also known as QR. The term “Quarterly Reporting/Prospective Budgeting” is shortened to QR for shorthand purposes and administrative simplification.

Section 63-102(q)(4)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Payment Quarter" and states that it means the future quarter following the submit month in which benefits are paid/issued.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), which specifies reporting requirements for the quarterly report form (QR 7). The “QR Payment Quarter” refers to the three consecutive months following the month the recipient sends in their QR 7 (submit month).

Section 63-102(q)(5)

Specific Purpose:

This section is adopted to include a new QR definition of "QR Submit Month" and states that it means the month in which the QR 7 is required to be submitted to the CWD by the recipient, and which is the third month in the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7). The “QR Submit Month” refers to the third month in the QR Payment Quarter and is the month in which the recipient must send in their QR 7 by the 11th day of the submit month to be considered a timely report.

Section 63-102(r)(1)

Specific Purpose:

This section is adopted to include a new QR definition of "Reasonably Anticipated Income and Expenses" and states that it means income that is expected to be received on a certain date and the amount is known.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), specifies reporting requirements for the quarterly report form (QR 7). Anticipated income is income that can be expected to be received and the time of receipt and the date of receipt are known. Income that cannot be reasonably anticipated to occur is not used to compute benefits for the next QR Payment Quarter.

Sections 63-102(r)(2) through (12) (Renumbered)

Specific Purpose/Factual Basis:

These sections are numbered for consistency.

Section 63-103.2d.(4)

Specific Purpose:

This section is amended to include the QR form entitled "DFA 285-A3 QR." This form is used to advise QR food stamp recipients of their rights and responsibilities, and replaces the MR form entitled DFA 285-A3.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2d.(17)

Specific Purpose:

This section is amended to include the QR form entitled "DFA 377.4 QR." This form is used to inform change reporting households of changes and termination of benefits, and replaces the MR form entitled DFA 377.4.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103f.(14)

Specific Purpose:

This section is adopted to include the QR form entitled "FS 22 QR" relating to applying for food stamp benefits.

Factual Basis:

This section is necessary to clarify the change to QR for most food stamp households, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103f.(15)

Specific Purpose:

This section is adopted to include the QR form entitled "FS 23 QR." This form relates to reporting household changes on the QR 7, mandatory mid-quarter reports, and voluntary mid-quarter reports.

Factual Basis:

This section is necessary to clarify QR reporting requirements for food stamp recipient households, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103n.(1)

Specific Purpose:

This section is amended to include the QR form entitled "NA 960X QR." This form is used to notify QR households that a QR 7 has not been received, and benefits could be affected as a result. This form replaces the MR form entitled NA 960X.

Factual Basis:

This amendment is necessary to ensure the continuation of current notification requirements that remain relevant under QR, and to comply with Sections 11265.1 .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103n.(2)

Specific Purpose:

This section is amended to include the QR form entitled "NA 960Y QR." This form is used to notify QR households that a QR 7 is incomplete, and benefits could be affected as a result. This form replaces the MR form entitled NA 960Y.

Factual Basis:

This amendment is necessary to ensure the continuation of current notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(2)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 2." This form is used to inform the recipient of their Income Reporting Threshold and reporting responsibilities.

Factual Basis:

This section is necessary to clarify QR reporting requirements for food stamp recipient households, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(3)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 3." This form may be used by benefit recipients to report mandatory and voluntary mid-quarter changes.

Factual Basis:

This section is necessary to ensure the proper submission of QR household changes, and to comply with Sections 11265.1 .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(4)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 7." This form is used by benefit recipients to report income for the Data Month in each QR Payment Quarter.

Factual Basis:

This adoption is necessary to ensure the continuation of income and eligibility reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(5)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 7A." This form is used to instruct recipients on how to fill out the QR 7.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(6)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 22." This form is used to collect necessary information about a noncitizen's sponsor.

Factual Basis:

This adoption is necessary to ensure the continuation of reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(7)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 72." This form is sent to sponsored noncitizens with the QR 7 each quarter.

Factual Basis:

This section is necessary to ensure the continuation of reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(8)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 285-B." This worksheet is used to determine food stamp benefit amounts for households subject to quarterly reporting, change reporting, and for mid-quarter changes.

Factual Basis:

This section is necessary to ensure the continuation of income and eligibility reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(9)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.1." This form is used to inform households of their approval for food stamp benefits and certification period.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(10)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.2." This form is used to inform change reporting households that their certification period will expire.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(11)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.4." This form is used to inform QR households of changes, suspensions, and terminations of benefits.

Factual Basis:

This section is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2q.(12)

Specific Purpose:

This section is adopted to include the QR form entitled "QR 377.5." This form is used to report information on changes in household circumstances by households not subject to QR.

Factual Basis:

This section is necessary to ensure the continuation of income and eligibility reporting requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-103.2s.(2)

Specific Purpose:

This section is amended to include the QR form entitled "SAWS 2A QR." This form is used to inform applicants for cash aid, food stamps, and medical assistance of information including their rights and responsibilities.

Factual Basis:

This amendment is necessary to ensure the continuation of notification requirements that remain relevant under QR, and to comply with Sections 11265.1 .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002).

Section 63-103.2t.(1)

Specific Purpose:

This section is adopted to include the QR form entitled "TEMP QR 1." This form notifies recipients of the change from monthly reporting to QR.

Factual Basis:

This section is necessary to ensure that notification requirements are met relevant to implementation of QR, and to comply with Sections 11265 and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-300.2

Specific Purpose:

This section is amended to replace the references to MR forms relating to applying for benefits with applicable QR forms.

Factual Basis:

This amendment is necessary to ensure the continuation of current application requirements that remain relevant under QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-300.24

Specific Purpose:

This section is amended to replace the references to forms for MR certification periods with the applicable forms for QR certification periods.

Factual Basis:

This amendment is necessary to identify the applicable forms used to redetermine certification periods in QR, and to comply with Sections 11265.1, .2, .3, and 18910 of the Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Section 63-300.25

Specific Purpose:

This section is being amended to replace the term "Nonmonthly Reporting Households" with "Change Reporting Households."

Factual Basis:

This amendment is necessary to correct a term that will become obsolete with the implementation of QR in the FSP. "Nonmonthly Reporting" will become an old term that is currently used in regulations to describe a change reporting system. The term "nonmonthly" remains relevant in regulations where MR and change reporting (nonmonthly reporting) were the only two reporting systems discussed in regulations. Since QR, the term "nonmonthly" becomes confusing where regulations now discuss QR and change reporting, which are both nonmonthly reporting systems.

Sections 63-300.41 through .414

Specific Purpose:

These sections amend and replace all references to MR forms and notification requirements with QR forms and notification requirements. These notification requirements relate to initial certification interviews and recertification interviews.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR.

Section 63-300.5(d)

Specific Purpose:

This section is amended to replace the references to MR verification timeliness standards in MPP Section 63-504.35 with QR timeliness standards in MPP Section 63-508.66 and Change reporting timeliness standards in MPP Section 63-504.42.

Factual Basis:

This amendment is necessary to ensure the continuation of current timeliness standards that remain relevant under QR. A technical change for QR is the addition of a reference to timeliness standards in the new QR regulation section 63-508.

Section 63-300.623

Specific Purpose:

This section is amended to replace the references to receipt and verification of MR documents with the receipt and verification of QR documents.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR.

Section 63-301.544(a)

Specific Purpose:

This section is amended to replace the term "Nonmonthly Reporting" with "Change Reporting."

Factual Basis:

This amendment is necessary to correct a term that will become obsolete with the implementation of QR in the FSP. "Nonmonthly Reporting" will become an old term that is currently used in regulations to describe a change reporting system. The term "nonmonthly" remains relevant in regulations where MR and change reporting (nonmonthly reporting) were the only two reporting systems discussed in regulations. Since QR, the term "nonmonthly" becomes confusing where regulations now discuss QR and change reporting, which are both nonmonthly reporting systems.

Sections 63-301.544(b)(1) and (b)(2)

Specific Purpose:

These sections are being amended for QR and changes are nonsubstantive. The sections are repeated and amended to replace MR with QR.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements for expediting food stamp services that remain relevant under QR.

Section 63-301.71

Specific Purpose:

This section is amended to replace the references to retrospective budgeting with quarterly reporting.

Factual Basis:

This amendment is necessary to ensure the continuation of current criteria for categorical eligibility that remain relevant under QR.

Section 63-301.742

Specific Purpose:

This section is amended to replace references to monthly reporting requirements specified in MPP Sections 63-504.32 and 63-505.2, .3, and 4 with quarterly reporting requirements in MPP Sections 63-508.613 and .74.

Factual Basis:

This amendment is necessary to ensure the continuation of current criteria for categorical eligibility that remain relevant under QR. References are added to new QR sections in regulations that repeat existing rules regarding noncompliance with reporting requirements.

Section 63-410.211(a)(1)

Specific Purpose:

This amendment is a nonsubstantive change. It adds clarification for the treatment of ABAWDs in the QR system.

Factual Basis:

This section is necessary to comply with federal waivers issued April 1, 2003. It also continues the requirement for ABAWD hours of work and training to be a mandatory report pursuant to federal waiver denial of our request to make ABAWD reporting requirements a quarterly reporting requirement.

Section 63-501.3(m)(2)

Specific Purpose:

This section is being amended for QR and is a nonsubstantive change. This section is repeated and amended to replace MR with QR.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant under QR.

Sections 63-503.14 through .141

Specific Purpose:

These sections are being amended to make it specific to change reporting households in the FSP as opposed to QR households. Current rules are kept for change reporting households, and are modified for QR households. The QR section requires more instruction to explain that a new application is not required if a household is determined eligible within 30 days of the application denial.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant under change reporting in QR. The adoption of the QR section is necessary to comply with QR rules in general and Sections 11265.1(a), (c), and 18910, as amended by AB 444 (Chapter 1022, Statutes of 2002), to use a current application in the QR system when a household is determined eligible within 30 days of an application denial.

Sections 63-503.15 through .151

Specific Purpose:

This section is being amended to make it specific to change reporting households in the FSP as opposed to QR households. Current rules are kept for change reporting households, and modified for QR households. The QR section is being adopted to specifically clarify how QR households will be treated when changes are reported and anticipated over the QR Payment Quarter and how income is treated when averaged over a specific period of time as specified in MPP Sections 63-504.242(c), .252 and .411(b).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households in the FSP. Adoption of the new QR section is necessary to comply with the provisions of Welfare and Institutions Code Sections 11265.2(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002). For QR, more specific instruction for CWDs is needed to clarify how to average income over the QR Payment Quarter and how to handle income that has been averaged over a specified period of time as discussed in MPP Sections 63-504.242(c), .252 and .411(b). For example: if a teacher's salary is paid in eight months, but is expected to cover a full year, that income is divided by 12 to arrive at an average monthly figure. That figure is equivalent to monthly income for each month in the QR Payment Quarter (also the same amount when averaged over the quarter).

Sections 63-503.24 and .242(b) and (b)(1)

Specific Purpose:

These sections are necessary to change current conversion factors from 2.16 for bi-weekly income to 2.167 and from 4.3 for weekly income to 4.33. These conversion factors are used to arrive at a monthly amount for income paid on a bi-weekly or weekly basis. This change is necessary to align these factors with the CalWORKs program and to simplify programming of county automation systems.

Factual Basis:

This amendment is necessary to change the current income conversion factors from 2.16 to 2.167 for bi-weekly income and from 4.3 to .433 for weekly income. These factors are used to convert income to an averaged monthly income amount. Requirements at 7 CFR 273.10(c)(2) gives states authority to use CalWORKs conversion factors. The change is necessary for program compatibility purposes and to simplify programming of county automated systems for both programs.

Section 63-503.25

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law and to also amend the section for QR to refer to new sections in the regulations that explain treatment of deductions for households subject to QR.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002), provide the basis for anticipating income over a QR Payment Quarter. Inherent in the FSP in determining net income is the computation of deductions from gross income. Welfare and Institutions Code Section 18910 stipulates that the FSP must conform to QR and seek necessary waivers to accomplish compatibility. This section continues the computation of FSP allowable deductions to computations of income and deductions under QR.

Section 63-503.253

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law and to continue the section for change reporting households. Current regulations refer to "nonmonthly reporting households", which is no longer a relevant phrase when QR households are also nonmonthly reporting households. Therefore, it is necessary to change the term "non-monthly reporting households" to "change reporting households."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households in the FSP.

Section 63-503.254

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. This section is being amended to clarify that the expenses listed under this section are also not allowable in QR households.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding allowance of expenses in QR.

Section 63-503.255

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. It is a nonsubstantive change of the term "nonmonthly reporting households," to "change reporting households."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households regarding expense conversion procedures.

Section 63-503.311

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. An additional amendment is necessary to clarify that the steps listed in this section for determining net monthly income must be followed after income is averaged over the QR Payment Quarter as specified in MPP Section 63-509.14, Income and Benefit Calculation for QR Households.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provides authority to average income over the QR Payment Quarter and specifies that CWDs must redetermine recipient eligibility and grant amounts on a quarterly basis. Income deductions are made from gross averaged income over the QR Payment Quarter.

Section 63-503.312

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. An additional amendment is necessary to clarify that the steps listed in this section for determining net monthly income must be followed after income is averaged over the QR Payment Quarter as specified in MPP Section 63-509.14, Income and Benefit Calculation for QR Households.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provides authority to average income over the QR Payment Quarter and specifies that CWDs must redetermine recipient eligibility and grant amounts on a quarterly basis.

Section 63-503.321(a)

Specific Purpose:

This section is amended and is necessary to make specific how the application of the gross and net monthly income eligibility standards are to be applied under QR. In MR, the gross and net monthly income eligibility standards are applied each month to reported income. In QR, the gross and net monthly income eligibility standards will be applied after income is averaged over the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1 (a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Inherent in prospective budgeting is the rule for averaging income. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined during the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for eligibility purposes.

Sections 63-503.322(a), (b), (b)(1) and (b)(2)

Specific Purpose:

This section is amended to make it specific to QR and to clarify that the gross and net monthly income tests are applied to income averaged over the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1 (a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Inherent in prospective budgeting is the rule for averaging income. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined for the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for household size. Welfare and Institutions Code Section 11265.3(a)(1) as amended by AB 1402 states that the IRT is 130% of the Federal Poverty Level.

Section 63-503.324

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. The section refers to change reporting and QR households' monthly allotments being determined from Coupon Allotment Tables on the basis of household size and net income.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households regarding food stamp coupon allotment tables.

Section 63-503.325

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law. The section refers to initial eligibility for one- and two-person households being eligible for a minimum of a \$10 allotment and all other households in accordance with coupon allotment tables for both change reporting and QR households.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding initial month issuance of coupons for one- and two-person households.

Section 63-503.326

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by law for change reporting households. The section also clarifies that QR households must be determined eligible by calculation of quarterly benefits.

Factual Basis:

The amendment for change reporting households is necessary to ensure the continuation of current requirements that remain relevant to change reporting households. The term "nonmonthly households" is changed to "change reporting households". Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Inherent in prospective budgeting is averaging of income rules. Welfare and Institutions Code Section

11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined for the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for eligibility purposes. Welfare and Institutions Code Section 11265.3(a)(1) as amended by AB 1402 states that the IRT is 130% of the Federal Poverty Level.

Sections 63-503.327(a) through (b)(3)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by law for change reporting households. This section clarifies that for QR households, the application is denied when averaged income over the quarter makes the household ineligible.

Factual Basis:

Welfare and Institutions Code Sections 11265.1 (a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively. Welfare and Institutions Code Section 11265.3(c)(1) as amended by AB 1402 (Chapter 398, Statutes of 2003) discusses how income is determined for the QR Payment Quarter. Income is averaged over the QR Payment Quarter using reasonably anticipated income which is then used to determine if the household exceeds the gross and net income maximum amounts for eligibility purposes.

Section 63-503.328

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting and QR households. The section refers to the household's entitlement to a different income eligibility test when the household's eligibility, benefit level or certification period changes.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding the application of the income eligibility test.

Section 63-503.329

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting and QR households. The section refers to denial of benefits when net income of a household of three or more persons nets out at zero.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding treatment of a household with three or more members when it has a net income which would set its benefit level at zero.

Section 63-503.41

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households and to add a new QR reference. The section is also changed to add a reference to income averaging rules for QR self-employed households since self-employed households, unless exempt, are subject to QR income averaging rules.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households. Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging.

Section 63-503.411(a)

Specific Purpose:

This section is being amended to clarify that QR self-employment households must report income on the QR Report (QR 7) for the Data Month, second month of a quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging. The CWD must calculate the reported income using reasonably anticipated income rules for each month of the upcoming QR Payment Quarter, which is then averaged to arrive at gross monthly income to be used as a base from which allowable income deductions reduce gross income to net income.

Section 63-503.411(b)

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. The amendment clarifies and makes clear that self-employment income and expenses that are annualized over a 12-month period is the equivalent of averaged income and expenses for the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging. When self-employed households elect to annualize income, they can also annualize expenses if income is annualized.

Section 63-503.411(c)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change and QR reporting households. If a self-employment enterprise has been in existence for less than a year, the CWD must average the income over the period of time the business has been in operation.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter. The monthly amount is then projected over the certification period; generally a 12-month period. The same procedure will be used for QR households; however, the section is further amended to clarify that for QR households, the projected income over the certification period must be used to average income over the QR Payment Quarter.

Section 63-503.412(b)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change and QR reporting households. It is also amended to clarify that QR household's self-employed income must be averaged over the certification period or over a QR Payment Quarter.

Factual Basis:

For purposes of averaging self-employment income over the certification period or over the QR Payment Quarter, Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter. Self-employed income must be averaged over the certification period or over the QR Payment Quarter.

Section 63-503.412(c)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This section refers to self-employment income and expense information reported on a QR 7 that is to be used to project income and expenses over the certification period or QR Payment Quarter.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding averaging of expenses over the certification period in a self-employed household.

Sections 63-503.415(a), (b), and (b)(1)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. However, an additional amendment is being added to clarify for QR self-employed households that report income on the quarterly report form (QR 7), that all self-employment income is determined, including capital gains, for each month of the QR Payment Quarter and that total is averaged over the three months of the quarter, excluding the anticipated cost of doing business.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter.

Section 63-503.5

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This section is renumbered from Section 63-503.212(b)(2) and represents only a nonsubstantive change to the regulations and applies to both change reporting and QR households.

Factual Basis:

The renumbering of this section is necessary to remove it from an entire MR section that will be repealed from regulations once QR is implemented statewide and to readopt it where it is most appropriate in regulations for change and QR households.

Section 63-503.6

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This section is renumbered from Section 63-503.212(b)(2) and represents only a nonsubstantive change to the regulations and applies to both change reporting and QR households.

Factual Basis:

The renumbering of this section is necessary to remove it from an entire MR section that will be repealed from regulations once QR is implemented statewide and to readopt it where it is most appropriate in regulations for change and QR households.

Sections 63-503.7 through .8 (Renumbered)

Specific Purpose/Factual Basis:

These sections are renumbered for clarity.

Sections 63-503.9, .91 and .911 et seq.

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These sections are also being amended to make a technical change to the title so that both change reporting and QR households are included in the section. The title needs to be amended because a section is added for clarification in regards to a resident of a QR household which moves out of state. Additional amendments are necessary to clarify that a new procedure is in place to transfer QR households to another county to be compatible with the CalWORKs program and its

Inter-County Transfer policies. The amendment also clarifies that a mid-quarter action must be taken for households that move out of state for loss of residency.

Factual Basis:

The residency requirements in the FSP are not changed except for the new transfer policy which was developed for ease of administration of the QR program when a household moves and the CWD must match QR reporting cycles for both the CalWORKs and food stamp households in a new county. Also, federal regulations at 7 CFR 273.3 provide that the state agency may require a household to file an application for participation in a specified project area or office within the state. It, however, is not necessary. Federal response to our waiver request to allow the new transfer procedure specifies that California "has the authority under the regulations to implement this procedure."

Section 63-503.912 (Renumbered)

Specific Purpose/Factual Basis:

This section is renumbered for clarity.

Section 63-504.1 (Handbook)

Specific Purpose:

This handbook section is being added to clarify that certification periods may be matched with reporting cycles for administrative ease and the certification periods can only be ended in accordance with Sections 63-504.15 and .16.

Factual Basis:

This handbook section is necessary to stress the practicality of matching certification periods with reporting cycles and to stress that certification periods cannot be ended for this purpose. Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that in addition to the requirement for an annual case review of eligibility, counties shall redetermine recipient eligibility and grant amounts on a quarterly basis. Administratively, by combining the QR review with the certification review, a work-time savings will result.

Section 63-504.12

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a technical change in terms from MR to QR.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the establishment of certification periods.

Sections 63-504.13 and .131

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These are nonsubstantive changes in terms from "nonmonthly reporting" to "change reporting."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for "change reporting" households regarding the establishment of certification periods.

Section 63-504.141

Specific Purpose:

This section is being amended and is necessary to continue current requirements that have not been changed by law for change reporting and QR households regarding certification of eligibility for households residing on reservations.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding households that reside on Indian reservations.

Sections 63-504.14 through .162 (Renumbered)

Specific Purpose/Factual Basis:

This sections are being renumbered for clarity and consistency.

Section 63-504.222

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. This section is being amended for QR to make clear that if an initial allotment includes benefits for both the month of application and the second month's benefits, the CWD must send notification of benefit levels for the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) defines the QR Payment Quarter and specifies that income over the QR Payment Quarter is determined prospectively, which includes rules for income averaging, and also discusses anticipating income over the QR Payment Quarter. Recipient notification requirements did not change with QR; however, with QR, the substance of the information sent to the recipient has changed.

Section 63-504.225 (Handbook)

Specific Purpose:

This section is modified and is necessary to continue current requirements that have not been changed by QR law for change and QR reporting households. This is a nonsubstantive change to the numbering of the form used for notification of approval actions.

Factual Basis:

This change is necessary to ensure the continuation of current requirements that remain relevant for change reporting and QR households regarding the usage of the DFA 377.1 form for notification of approval actions.

Section 63-504.26 (Handbook)

Specific Purpose:

This section is modified and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form.

Factual Basis:

This change is necessary to ensure the continuation of current requirements that remain relevant for QR households. CDSS and the CWDs are permanently enjoined by the court order in the Saldivar v. McMahon court case, which stipulates that a timely and adequate

notice must be sent to households prior to discontinuance of the case for late or incomplete QR 7s.

Sections 63-504.263, .263(a) and .263(b)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. These sections refer to the requirement of the CWD to send a household that fails to submit verification or information with the QR 7 a notice of proposed change in benefits.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding notification to the household of a change in benefits.

Sections 63-504.264, .264(a) and .264(b)

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. These sections refer to notification to households when they have not provided a complete report form by the 11th of the Submit Month.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding timely receipt of the income reporting form (QR 7) by the 11th of the Submit Month.

Section 63-504.265 (Handbook)

Specific Purpose:

This section is modified and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. This is a nonsubstantive change of form numbering from the DFA 377.4, Notification of Change for MR households, to the DFA 377.4 QR for change reporting and QR households. This section refers to the requirement of the CWD to send a household notification of a change. The reference to suspension of benefits is deleted.

Factual Basis:

This change is necessary to ensure the continuation of current requirements that remain relevant for QR households. The deletion of suspension language is necessary because suspension is non-existent in the QR system. Welfare and Institutions Code Sections 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) describes how benefits must be calculated for the QR Payment Quarter. Welfare and Institutions Code Section 11265.2 also states that once benefits are determined for the quarter, they are frozen unless the household voluntarily reports a change that will increase benefits or the household reports a change that is a mandatory reporting requirement and it results in a decrease in benefits during the quarter.

Sections 63-504.266(d) and (e)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These are nonsubstantive changes in terms from "nonmonthly reporting" to "change reporting."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households. Current regulations refer to "non-monthly reporting households," which is no longer a relevant phrase when QR households are also non-monthly reporting households. Therefore, it is necessary to change the term "non-monthly reporting households" to "change reporting households."

Section 63-504.266(j)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. The section refers to discontinuance of a household that does not respond to the notice of action informing them about nonreceipt of the income report by the extended filing date.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding treatment of benefits when a household does not submit its income report (QR 7) by the extended filing date.

Section 63-504.267(e)(2)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. This section refers to rescinding discontinuance of the case when the household provides the income report by the extended filing date (the first day of the month following the month the report was due).

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding rescinding a discontinuance when the QR 7 is received by the extended filing date.

Sections 63-504.4 and .42

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. These are nonsubstantive changes in terms from "nonmonthly reporting" to "change reporting" and "prospectively budgeted households" to "change reporting households."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households. Current regulations refer to "non-monthly reporting households" and "prospectively budgeted households", which are no longer relevant phrases when QR households are also non-monthly reporting households and are both prospectively budgeted. Therefore, it is necessary to change the terms "non-monthly reporting households" and "prospectively budgeted households" to "change reporting households."

Sections 63-504.43 and .432(a) through (d)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form and to specify that households are allowed to report changes on the QR 3 or the QR 377.5, in person or by telephone.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households regarding usage of the income report form (QR 7).

Sections 63-504.51, .511, and .512

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households transitioning to QR.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households that transition to QR regarding how to transition a change reporting household to QR.

Sections 63-504.52, .521, and .521(a) through (b)

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. These sections describe the procedure to move a household from MR to change reporting and to require a 10-day notice to the household to inform of the change. The same procedures apply in QR.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households that transition to QR.

Section 63-504.522

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households in regard to transitioning households from MR to change reporting. The amendment specifies the transition from QR to change reporting.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for households transitioning from change reporting to QR.

Section 63-504.61(c)(1)

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households in regard to making a timely application for recertification when the income report is received by the 11th of the month.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR reporting households regarding timely filing of recertification by the 11th of the Submit Month.

Sections 63-504.61(c)(2) and (c)(3)

Specific Purpose:

These sections are being amended and are necessary to continue current requirements that have not been changed by QR law for change reporting households. This is a nonsubstantive change in terms from "nonmonthly reporting" to "change reporting."

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for change reporting households. Current regulations refer to "nonmonthly reporting households", which is no longer a relevant phrase when QR households are also non-monthly reporting households. Therefore, it is necessary to change the term "non-monthly reporting households" to "change reporting households."

Sections 63-504.62 and .621(a) through (c)

Specific Purpose:

These sections are amended and are necessary to continue current requirements that have not been changed by QR law for QR reporting households. It changes "Monthly" to "Quarterly" and makes a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form and to add a reference to Section 63-508.66, Quarterly Reporting.

Factual Basis:

These amendments are necessary to ensure the continuation of current requirements that remain relevant for QR reporting households.

Section 63-504.622

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households. However, it is further amended to clarify the procedures to determine eligibility when the certification falls in the same month as the QR Submit Month.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, .3, and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide authority for QR Reporting. When the certification falls in the same month as the QR Submit Month, information on the QR 7 must be used to determine the household's benefits level for the first QR Payment Quarter of the new certification period; prospective budgeting is continued. It is unlike MR where the CA 7 is used to determine benefits for the next month and retrospective budgeting is continued.

Section 63-504.624

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for QR reporting households regarding households that receive a notice of action informing the household of the expiration of their certification period are subject to verification requirements. Obsolete MR language is removed from the QR amendment.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR reporting households. The MR language removed from this section is not applicable to QR.

Section 63-504.63

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for change reporting households. It is a nonsubstantive change of terms in the title of the section from "nonmonthly reporting households" to "change reporting households."

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for change reporting households.

Section 63-505.2

Specific Purpose:

This section is adopted to clarify that one condition of eligibility is that households participating in the FSP (except as provided in Section 63-505.21) must report household circumstances on a quarterly basis on the QR 7. In addition, households will be required to report changes as specified in new QR MPP Sections 63-508 and 63-509. Obsolete MR terms, forms, and code sections are replaced with applicable QR terms, forms, and new code sections.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the reporting requirements for QR households. Household changes (including anticipated changes) must be reported, and verification must be provided as determined by CWDs. This information is necessary for CWDs to determine eligibility for the upcoming QR Payment Quarter.

Section 63-505.21

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by QR law for households participating in the FSP. This amendment consists only of a change in the heading title stating that certain households are excluded from QR. This is a nonsubstantive change replacing an obsolete monthly reporting and retrospective budgeting term with the appropriate QR term.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify which households shall be excluded from QR.

Sections 63-505.3, .31, .311, .32, .33, and .34

Specific Purpose:

These sections are adopted from current regulations at MPP Sections 63-505.3 et seq., amended to reflect QR reporting requirements. Monthly reporting requirements including income, shelter, utility costs, child support payments, ABAWD work requirements, and any

other resources or circumstances relevant to the amount of the food stamp allotment are replaced by QR reporting requirements. References to monthly reporting forms and terms are replaced by references to QR forms and terms.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the reporting requirements for QR households. This information is used to determine eligibility for the next QR Payment Quarter.

Sections 63-505.4 and .41(a) through (h)

Specific Purpose:

These sections are adopted from current regulations at MPP Sections 63-505.4 et seq., and amended to reflect QR verification responsibilities. Monthly verification responsibilities for any item that changed or appears questionable are replaced by QR verification responsibilities. References to monthly reporting forms and terms are replaced by references to QR forms and terms.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the verification responsibilities for QR households. This information affects eligibility for the QR Payment Quarter.

Sections 63-505.5 and .52

Specific Purpose:

These sections are adopted from current regulations at MPP 63-505.5, and amended to reflect reporting requirements for households excluded from QR reporting requirements. The obsolete term "Nonmonthly Reporting" is replaced by "Change Reporting."

Factual Basis:

This is a nonsubstantive change only, and is necessary to ensure the continuation of current requirements that remain relevant for households excluded from monthly reporting.

Sections 63-508.1 through .15

Specific Purpose:

These sections are adopted to provide a brief overview of the QR process for program clarification purposes.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2 .3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 1402 (Chapter 398, Statutes of 2003) and the QR Waiver Approval received from the FNS provide authority for QR reporting. The section briefly reviews what is detailed in regulations that follow.

Sections 63-508.2 through .213 and Handbook

Specific Purpose:

These sections are adopted for clarification and definition of the quarterly reporting cycle, which consists of the first month, the second month known as the Data Month and the third month known as the Submit Month. The QR Payment Quarter is also defined.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(b) and 18910 as amended by AB 444, (Chapter 1022, Statutes of 2002) defines a quarterly reporting period as three consecutive calendar months. In addition, it explains that the household is responsible for submitting a report form for each quarterly reporting period. The adoption of this section is necessary to clearly define the quarterly reporting quarter. For administrative purposes it is necessary to refer to each month of the quarter and the QR Payment Quarter to further specify in regulation how the determination of eligibility over the QR Payment Quarter is applied in the QR process. The Handbook section clearly illustrates each month in the quarter and the QR Payment Quarter.

Sections 63-508.22 through .225(c) and Handbook

Specific Purpose:

These sections are adopted to specifically clarify the process for aligning reporting cycles between the FSP and the CalWORKs program and FSP recertification with CalWORKs redetermination periods. This is necessary for administrative functionality of the program and compatibility between the two programs. Within the section regarding lengthening and shortening, the certification period is discussed; however, the policy does not differ from current program requirements.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(c) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that counties may establish staggered quarterly reporting cycles. For workload relief and administrative ease it is extremely important that the reporting cycles be the same in both the FSP and the CalWORKs programs. Also, pertinent to workload relief is the alignment of the receipt of the QR 7 in the month that the FSP recertification and the CalWORKs redetermination of eligibility are due.

Section 63-508.3

Specific Purpose:

This section is adopted from current MR regulation at MPP Section 63-504.3, but amended only for reference to a new regulation section for QR and only to change CA 7 to QR 7. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This amendment is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-508.31

Specific Purpose:

This section is adopted to clarify in the QR section of regulations that CWDs must ensure that households receive the QR 7 at the end of each QR Data Month and no later than the first day of each QR Submit Month and that information reported on the QR 7 must be used to determine eligibility for the next QR Payment Quarter. The timing for sending the QR 7 is not changed from current regulations.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(b) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that counties shall provide a quarterly report form to recipients at the end of the second month of the quarterly reporting period. This is the same requirement currently in effect for MR households, which specifies that the CA 7 must be sent no later than the first day of each month.

Section 63-508.32

Specific Purpose:

This section is adopted to specify that CWDs must ensure that the QR recipients provide information and answers to all questions and items on the QR 7 for completeness and attest under penalty of perjury, that they have truthfully reported all required information. This requirement is also true for MR households and is carried over to QR households.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) requires that the quarterly report form be signed under penalty of perjury, and must include only information necessary to determine food stamp eligibility and calculate food stamp allotments. The QR 7 is used to determine eligibility for the next QR Payment Quarter.

Section 63-508.321

Specific Purpose:

This section is adopted to specify that the household must report all information for the Data Month regarding income, household composition or property since the submission of the last QR 7 and any anticipated changes for the upcoming QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d)(1), (2), (3), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that the QR 7 must be signed under penalty of perjury and that the form must include information about income, anticipated income for the next QR Payment Quarter, and any other changes to facts required to be reported and any anticipated changes. The sections also state that the household must provide verification as determined by the Department. This information is necessary for CWDs to determine eligibility for the upcoming QR Payment Quarter.

Sections 63-508.322 and .322(a) through (f)

Specific Purpose:

These sections are being adopted to continue current requirements that have not been changed by QR law for QR households. These sections are duplicated from current regulations at MPP Section 63-504.31 et seq. to include the form QR 7 and for amended references to appropriate QR regulation sections.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.4 through .412(c)

Specific Purpose:

This section is adopted from current regulations at MPP Sections 63-504.32 et seq. It is necessary to continue current completeness requirements for the QR 7 that have not been changed by QR law for QR households. This section is adopted to include the form QR 7.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding completeness criteria for the QR 7.

Section 63-508.42

Specific Purpose:

This section is being adopted from current regulations at MPP Section 63-504.322. It is necessary to continue current requirements that have not been changed by QR law for QR households. This section is adopted to include the QR 7 and rules regarding information necessary for a complete address change on the QR 7.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-508.43

Specific Purpose:

This section is being adopted from current regulations at MPP Section 63-504.323. It is necessary to continue current requirements that have not been changed by QR law for QR households. This section is adopted to include the form QR 7 and to specify persons who are entitled to be Authorized Representatives for the household.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.44, and .442(a) through (d)

Specific Purpose:

These sections are adopted from current regulations at MPP Sections 63-504.324 et seq. These sections are necessary to continue current requirements that have not been changed by QR law for QR households regarding completeness criteria for the QR 7 and to define a “fully answered question” by the household.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.45 through .451

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.325 and amended to include “Data Month” and for including references to appropriate QR regulation sections. These sections are necessary to continue current requirements that have not been changed by QR law for QR households regarding verification of income.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-508.46

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.326 and is necessary to continue current requirements that have not been changed by QR law for QR households in regard to verification that must be provided with the QR 7.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.5, .51, and .52

Specific Purpose:

These sections are adopted for purposes of clarity in the QR program regarding when the QR 7 must be sent to households and the due date for its return in the QR Submit Month. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-508.53 through .534

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.361 and amended to include reference to the QR 7. This section is necessary to continue current requirements that have not been changed by law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding timely submitted and late QR 7s.

Sections 63-508.6 through .615

Specific Purpose:

These sections are adopted from current regulations at Section 63-504.27 et seq. and amended to include the form QR 7. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding what action to take when the QR 7 is not received or is incomplete.

Sections 63-508.616 and .616(a)

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.34, amended to include the form QR 7, and reference QR regulations. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding how the CWD must assist the QR household in completing the QR 7.

Sections 63-508.616(b) through (b)(6)

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.341, and amended to include the form QR 7, and reference QR regulations. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding verification that must be included with the QR 7.

Section 63-508.616(c)

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.342. The section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding verification of housing costs.

Section 63-508.616(d)

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.343, amended to include the QR 7, and to reference QR regulations. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding action by the CWD when information/verification provided on the QR 7 is questionable.

Sections 63-508.616(e) through (e)(2)

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.344. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding guidance for CWDs on how to assist the household in completing the QR 7.

Section 63-508.62

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.272, amended to include the QR 7, and to reference QR regulations. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the requirement of CWDs to notify households when a QR 7 is not received by the 11th of the Submit Month.

Sections 63-508.621 through .623 Handbook

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.274 and amended to include the QR 7 and to make reference to QR/PB rules. These sections are necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the requirement to send a 10-day notice to the household for non-receipt of the QR 7 and to compute an overissuance when the CWD is unable to decrease benefits due to 10-day noticing provisions.

Sections 63-508.63 and .631

Specific Purpose:

These sections are adopted from current regulations at MPP Section 63-504.33 and amended to include the QR 7. These sections necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households regarding the provision to terminate benefits if the QR 7 is not received by the extended filing date.

Section 63-508.632

Specific Purpose:

This section is adopted to specify that a proposed discontinuance of the household will remain in place if the household does not submit the QR 7 by the extended filing date, unless good cause for late submittal of the QR 7 is established by the CWD.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(e) and (f) specify that any discontinuance shall be rescinded if a complete report is received by the first working day of the first month of the following quarterly reporting period, also known as the extended filing date; or, if received after the extended filing date when good cause is determined.

Sections 63-508.64 through .644

Specific Purpose:

These sections are adopted to allow good cause to be claimed by the household if the household reapplies for benefits following discontinuance for failure to submit a QR 7 during the calendar month following discontinuance. The CWD would also have authority to determine good cause in accordance with MPP Section 40-181.23 in the CalWORKs program.

Factual Basis:

Waiver #8 from FNS dated April 1, 2003 (Item #11 stated under MPP Section 63-034 of this Statement of Reasons) approved good cause determinations for households that submit their QR 7s after the extended filing date. If good cause exists, the discontinuance will be rescinded and benefits restored back to the first of the month. If good cause does not exist, the termination rules for an income report received after the extended filing date will remain in effect.

Sections 63-508.645, .645(a), (b) and Handbook

Specific Purpose:

These sections are adopted to allow benefits to be issued back to the first of the month at the previous higher level when good cause is determined. This is because a 10-day notice could not be given in time to decrease benefits to the correct entitlement. Therefore, an over-issuance of benefits will occur in this situation.

Factual Basis:

Although a 10-day notice is not required to be sent to the household when the discontinuance for submitting a late report form and when benefits would be restored at a lower level; the State of California is enjoined by the Saldivar v. McMahon court order to provide a 10-day notice. If a 10-day notice cannot be given to the household to reduce benefits and benefits are released at a higher level than entitled by the act of rescinding the discontinuance and issuing benefits back to the first of the month when good cause is determined, an over-issuance of benefits results. The Handbook section provides guidance to CWDs on how over-issuances are determined in this situation.

Section 63-508.645(c)

Specific Purpose:

This section is adopted to allow for a supplement in benefits when good cause is determined for late QR 7s and benefits are restored back to the first of the month and benefits could be increased. Also, a time limit is imposed for the ability to claim good cause by the household.

Factual Basis:

Waiver #8 from the Food and Nutrition Service dated April 1, 2003 (Item #11 stated under MPP Section 63-034 of this Statement of Reasons) approved good cause determinations for households that submit their QR 7s after the extended filing date. If good cause exists, the discontinuance will be rescinded and benefits restored back to the first of the month. Welfare and Institutions Code Section 11265.1(g) as amended by AB 444, Chapter 1022, Statutes of 2002 establishes good cause. Welfare and Institutions Code Section 11265.3(d)(2) specifies that counties must act upon changes in income reported during the quarterly reporting period that result in an increase in benefits and are effective for the entire month. This would apply when good cause is reported by the recipient mid-quarter and benefits are restored at a higher level back to the first of the month.

Section 63-508.65

Specific Purpose:

This section is adopted from current regulations at MPP Section 63-504.33 and amended to include the QR 7. This section is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households regarding CWD action to be taken from information reported on the QR 7.

Sections 63-508.651 and .651(a) through (d)

Specific Purpose:

These sections are adopted to provide instruction to CWDs that the information reported on the QR 7 must be sufficient enough to be able to make an eligibility determination using prospective budgeting rules for the next QR Payment Quarter and also instructs the CWD to terminate the household at the end of the Submit Month if the reported information would result in ineligibility. These sections also clarify that all information must be acted on whether it increases or decreases benefits for the upcoming QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d), (f), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) indicate what information is required to be included on the QR 7 and describes the outcome for an incomplete report or for a report that is not received. Welfare and Institutions Code Section 11265.2 specifies that benefits will be determined based on reported QR 7 information for the upcoming QR Payment Quarter.

Section 63-508.652

Specific Purpose:

This section is adopted to clarify that any report made by the household, whether it is a voluntary report or a mandatory report, becomes part of the case record even if a change in benefits results.

Factual Basis:

Welfare and Institutions Code Sections 11263.1, .2, .3, and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mid-quarter reporting and actions that must be taken by the CWDs. The case file must be fully documented to allow the correct determination of benefits and to avoid any program errors.

Sections 63-508.653 through .653(b)

Specific Purpose:

This section is adopted to instruct CWDs on how to process a QR 7 when it is subsequent to a mid-quarter report of a change. CWDs must review the QR 7 to make sure it is consistent with mid-quarter reports that have been made. If a discrepancy is realized, the CWD must attempt to contact the household for resolution. Otherwise, the QR 7 may be considered incomplete and the household may be subject to discontinuance.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d), (e), (f), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide the criteria for complete reports and the outcome for incomplete reports, which may result in discontinuance of benefits.

Sections 63-508.654 and .654(a) through (b)

Specific Purpose:

These sections are adopted to describe how eligibility is determined for the household when a new household member is reported on the QR 7.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d) and 18910 as amended specifies what information must be reported on the QR 7. Section 11265.2(d) provides authority to develop QR policy as otherwise established by the Department. Sections 63-508.654(a) and (b) are adopted from current regulations at Section 63-504.353 and continue for QR. Section 63-508.654(c) is compatible with QR rules. Section 63-508.654(d) in state regulation is new and describes action the CWD must take when a new household member is reported on the QR 7 and, based on Data Month information is determined eligible. However, prior to authorizing benefits, information becomes known to the CWD in the Submit Month that would render the individual ineligible and consequently the household ineligible. In this situation, the new information received in the Submit Month is considered a voluntary mid-quarter report. Because benefits were not yet authorized for the individual, the household remains eligible based on Data Month information and the new member is treated as an excluded member until the next QR 7 is received and eligibility for the household redetermined.

Sections 63-508.654(c) through (c)(3) and Handbook

Specific Purpose:

These sections are adopted to clarify how a previously disqualified member would be added to the household.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. Reporting a new household member is not a mandatory mid-quarter report. However, if the new member is reported mid-quarter, the CWD is allowed to increase benefits by adding the individual the first of the month after disqualification ends. If the disqualification ends, but is reported on the QR 7, the CWD must increase or decrease benefits as appropriate by the first day of the next QR Payment Quarter.

Sections 63-508.655

Specific Purpose:

This section is adopted to clarify how a previously disqualified member would be added to the household.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. Reporting a new household member is not a mandatory mid-quarter report. However, if the new member is reported mid-quarter, the CWD is allowed to increase benefits by adding the individual the first of the month after disqualification ends. If the disqualification ends, but is reported on the QR 7, the CWD must increase or decrease benefits as appropriate by the first day of the next QR Payment Quarter.

Sections 63-508.66 through .661(e) and Handbook

Specific Purpose:

These sections are adopted to clarify that property must be reported on the QR 7, but it is not required to be reported mid-quarter. Property eligibility is determined once per quarter and if reported during the quarter, a resource determination will not be made.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. The report of resources is required once per quarter on the QR 7, but it is not a required mid-quarter report. No action is taken mid-quarter for reports of resources exceeding the resource limit. If resources are reported on the QR 7 and exceed the resource limit, but the household can verify that they have fallen below the resource limit by the end of the Submit Month, the household is property eligible for the next quarter.

Sections 63-508.67 through .671(a)

Specific Purpose:

These sections are adopted to clarify that household composition changes must be reported on the QR 7, but are not required to be reported mid-quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) describe mandatory recipient reports and the effect voluntary recipient reports have on the household. Households may voluntarily report changes in household composition during the quarter, but action is only taken if benefits can be increased mid-quarter. Otherwise, if adding the individual would result in a decrease, no action is taken until the QR 7 is received, which must include the report of the new member in the household. The CWD must act on information reported on the QR 7 for increases and decreases in benefits, which is a policy that has not changed from current practice.

Sections 63-509 title and (a)(1) through (a)(1)(D) and Handbook

Specific Purpose:

These sections are adopted to specify that prospective budgeting is used to determine eligibility for QR households and to define what documentation is acceptable for making an eligibility determination. Handbook is added to stress the importance of case narratives and other documentation used to estimate income over the QR period.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that prospective budgeting must be used by the counties to determine household eligibility and benefit amounts on a quarterly basis. Prospective budgeting is not a new concept for the FSP and it is currently used to budget change reporting household income and to determine eligibility. The concept of prospective budgeting is adopted for QR budgeting and eligibility determination purposes. These sections and the Handbook section are necessary to provide guidance to CWDs on the application of prospective budgeting in QR. The Handbook section is necessary to emphasize the importance of case narratives and other documentation used to estimate income over the QR period. Case narratives are a crucial part of the case file when it is reviewed for Quality Control purposes.

Section 63-509.(a)(2) through (a)(2)(C)3.g. and Handbook

Specific Purpose:

These sections are adopted for clarification of the concept of "reasonably anticipated" income and to provide guidelines to CWDs in its application in QR. Handbook adds further clarification of how to anticipate income.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that prospective budgeting must be used in QR and that in using this budgeting method, the CWD must determine if income can be reasonably anticipated over the QR Payment Quarter. The concept of anticipating income is not a new policy for the FSP and it is currently used to anticipate income for change reporting households and to determine eligibility. The concept of "reasonably anticipated" income is adopted for QR budgeting and eligibility determination purposes from current regulations. Handbook provides further clarification and examples on how to anticipate income.

Sections 63-509(a)(3) through (3)(A)(4) and Handbook

Specific Purpose:

These sections are adopted to clarify that medical, child support, and child care expenses must also be reasonably anticipated over the QR Payment Quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules. The determination of eligibility is based on the use of gross income and deduction of allowances to arrive at a net income figure that is then used to determine benefit allotments in the FSP. In addition, Waiver #3 from FNS dated April 1, 2003 (Waiver #4 as stated in MPP Section 63-034 of the Statement of Reasons) provides authority to average expenses over the QR Payment Period and over the current and remaining months in a quarter if mid-quarter changes occur. In addition, expenses must be converted to a monthly averaged figure by factoring weekly paid expenses by 4.33 and bi-weekly expenses by 2.167 if income is also factored.

Sections 63-509(a)(3)(B) and (C)

Specific Purpose:

These sections are adopted to clarify that shelter and utility costs are not averaged over the QR Payment Quarter. They will be determined based on current regulations.

Factual Basis:

FNS denied waiver requests to average shelter and utility expenses over the QR Payment Quarter. Waiver #3 of the FNS Approval dated April 1, 2003 denied averaging these expenses over the QR Payment Quarter. Instead, shelter and utility expenses will be determined in accordance with current regulations. That is: shelter expenses will remain at the same level until a new shelter cost is reported; utility expenses will be determined by

using actual expenses averaged over the certification period or by the household electing a Standard Utility Allowance in lieu of actual expenses.

Sections 63-509(a)(4) through (4)(A)(5) and Handbook

Specific Purpose:

These sections are adopted to clarify how income is averaged over the QR Payment Quarter and to provide guidance to CWDs on the averaging income process.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting over the QR Payment Quarter and reasonably anticipated income rules. The determination of eligibility is based on the use of gross income and deduction of allowances to arrive at a net income figure that is then used to determine benefit allotments in the FSP. Usage of the conversion fraction is consistent with current regulations.

Section 63-509(a)(5) and Handbook

Specific Purpose:

These sections are being adopted to clarify how the weekly and bi-weekly conversion factors are used in QR. It expands usage of the 4.33 and 2.167 weekly and bi-weekly factors in the QR system.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), .2(a) and (b) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules. Usage of the conversion factors is consistent with current regulations.

Sections 63-509(a)(6) and Handbook

Specific Purpose:

These sections are adopted to illustrate how income that changes from month to month in a QR Payment Quarter is determined for each month of the quarter and then averaged over the quarter to arrive at the gross income amount for the QR Payment Quarter. The Handbook section provides a scenario and actual examples of the calculation.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules over the QR Payment Quarter. When income fluctuates, it is more difficult to anticipate it over the quarter. These sections are necessary to provide steps the CWDs can use to reasonably anticipate income during the quarter. The Handbook section adds more clarification by giving an example of how fluctuating income can be anticipated.

Sections 63-509(b) through (b)(1)(B)4.c. and Handbook

Specific Purpose:

These sections are adopted to provide authority to require households to report certain changes during the quarter and for the CWD to act on those reported changes.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide those changes that must be reported by the recipient during the QR Payment Quarter. These sections are specific to the CalWORKs program; however, when certain changes are reported for CalWORKs, the FSP will take action to review the case for eligibility. This is provided for in Waiver #3 and #5 of the QR Waiver from FNS dated April 1, 2003 (Item #7 as stated in MPP Section 63-034 of the Statement of Reasons). The waiver authority also provides that mandatory mid-quarter reports for food stamp households are changes of address and hours of work for ABAWDs. The Handbook section further clarifies the Income Reporting Threshold (IRT) level for information purposes.

Sections 63-509(c) and (c)(1)

Specific Purpose:

These sections adopt the title for the section and discuss actions to be taken on a case when Drug Felony convictions, Fleeing Felon status, and parole/probation violations are reported to the CalWORKs worker.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(a), (b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) provide those changes that must be reported by the recipient during the QR Payment Quarter. These sections are specific to the CalWORKs program; however, when certain changes are reported for CalWORKs, the FSP will take action to review the case for eligibility. This is provided for in Waivers #3 and #5 from the FNS dated April 1, 2003 (#7 as stated in MPP Section 63-034 of the Statement of Reasons). For the report of drug and fleeing felons, the FSP must discontinue the individual from

benefits at the same time the CalWORKs grant is discontinued. A 10-day notice is required in accordance with requirements for notification of households when changes occur in the case.

Section 63-509(c)(2)

Specific Purpose:

This section is adopted to clarify how a household's move out of state is treated under QR rules. A change of address is a mandatory mid-quarter household reporting requirement. When a household moves out of state, they lose their California residency and are no longer eligible for benefits from the State. This section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-509(c)(3)

Specific Purpose:

This section is adopted to specify that an address change is a mandatory mid-quarter report and to clarify that a county will transfer a food stamp case at the same time a CalWORKs case is transferred to another county. The food stamp case must be discontinued at the same time the CalWORKs case is discontinued.

Factual Basis:

Welfare and Institutions Code Sections 11265.3 and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) require certain changes to be reported mid-quarter by the household. For administrative purposes, the Department included changes of address as one of those reports. Waiver #5 of the QR Waiver Approval from the FNS dated April 1, 2003 (#7 as stated in MPP Section 63-034 of the Statement of Reasons) provides that a change of address is a mandatory mid-quarter household report. Waiver #9 indicates that the State has the authority to implement the transfer procedure for food stamp cases.

Section 63-509(c)(3)(A) and Handbook

Specific Purpose:

This section is adopted to make clear that non-assistance food stamp cases must be terminated at the time an address change is reported in another county. This does not differ from current policy. The section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households.

The Handbook section provides examples on the transfer process for public assistance households and, in comparison, the procedure for non-assistance households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-509(c)(4) through (c)(4)(C)

Specific Purpose:

These sections are adopted to provide authority for CWDs to review the food stamp case when a recipient reports the IRT to their CalWORKs worker. These sections also provide guidelines for CWD case actions when the IRT is reported.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(b), (c), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) and as amended by AB 692 (Chapter 1024, Statutes of 2002) require the IRT to be reported mid-quarter by the CalWORKs household. These sections are specific to the CalWORKs program; however, when certain changes are reported for CalWORKs, the FSP will take action to review the case for eligibility. This is provided for in Waiver #3 and #5 of the QR Waiver Approval from the FNS dated April 1, 2003 (#7 as stated in MPP Section 63-034 of the Statement of Reasons). This section is necessary to specify steps and actions necessary to be taken when the IRT is reported.

Sections 63-509(d), (d)(1), and (2)

Specific Purpose:

These sections are adopted to allow recipients to voluntarily report changes in income and circumstances that may increase benefits any time during the quarter, that the increase will be based on when the change was reported and provide for increases in one program that may result in a decrease in another program, i.e., the CalWORKs grant is increased resulting in a food stamp benefit decrease.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(1), (2), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specifies that a household may report verbally or in writing any changes in income or circumstances that may increase the recipient's benefits. It also states that counties must act upon voluntarily reported changes that would increase benefits during the quarter. The change is acted upon when it is reported not when it occurred. This is necessary to avoid retroactive recalculation of benefits and reconciliation of benefits issued, which would result in a substantial county workload prone to program error. It is also necessary to comply with the QR process for mid-quarter changes. Welfare

and Institutions Code Section 11265.2(d) provides for no benefit adjustments during the quarter unless as specified in Welfare and Institutions Code Section 11265.3. A change in the CalWORKs program to increase benefits may result in a decrease in food stamp benefits. The decrease would not be acted on during the quarter.

Section 63-509(d)(3)

Specific Purpose:

The section is adopted to specify that verification is required when the household reports a decrease in income; which would result in increased benefits, or when a new household member is reported.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits after verification is received. This section complies with current food stamp regulations for verification procedures. This section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-509(d)(4) through (d)(4)(B)

Specific Purpose:

These sections are adopted to state that the effective date for increases in benefits is determined differently than increases due to adding a new household member.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits. Increases for mid-quarter changes can be made at any time during the quarter. The provision for adding a new member to the household remains the same under current food stamp regulations, which is to add on the first of a month during the quarter. With regard to adding the individual at the beginning of the month, these sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-509(d)(5)

Specific Purpose:

This section is adopted to clarify how to recalculate benefits mid-quarter when there are two household members with income and one member experiences a decrease in income. Only the decreased income of the one member is used to recalculate benefits.

Factual Basis:

Welfare and Institutions Code Section 11265.2(d) as amended by AB 444 (Chapter 1022, Statutes of 2002) provides that grant calculations may not be revised except as provided in Welfare and Institutions Code Sections 11265.3(e), (f), (g), and (h), and as otherwise established by the Department. Section 71 of AB 444 specifies that QR shall be implemented through an ACL developed in consultation with the County Welfare Directors Association, Western Center on Law and Poverty, and other interested parties. This policy was developed after consultation with these groups.

Section 63-509(d)(6)

Specific Purpose:

This section is adopted to clarify how to recalculate benefits mid-quarter when there are two different sources of income and only one source decreases during the QR Payment Quarter. Only the decreased income is used to recalculate benefits.

Factual Basis:

Welfare and Institutions Code Section 11265.2(d) as amended by AB 444 (Chapter 1022, Statutes of 2002) provides that grant calculations may not be revised except as provided in Welfare and Institutions Code Sections 11265.3(e), (f), (g), (h), and as otherwise established by the Department. Section 71 of AB 444 specifies that QR shall be implemented through an ACL developed in consultation with the County Welfare Directors Association, Western Center on Law and Poverty, and other interested parties. This policy was developed after consultation with these groups.

Sections 63-509(d)(7), (7)(A), (7)(B), and Handbook

Specific Purpose:

These sections are adopted to provide a "No Change Notice of Action (NOA)" to households that have made a mid-quarter voluntary report to increase benefits when benefits cannot be increased.

Factual Basis:

This is a necessary addition to the QR process since households are allowed to report changes that would increase benefits mid-quarter. The household is expecting benefits to be increased unless they are notified otherwise. The notice is beneficial to the household to inform about the current status of their benefits and it also acts as a reminder to the household to report the information on the next QR 7. If the household reports a change that is expected to increase benefits, but benefits cannot be increased, the household must report the information on the QR7. Otherwise, the QR 7 is considered incomplete. The "No Change NOA" is crucial to the functioning of the QR mid-quarter process. The Handbook provides a reference to the QR 377.4 form which includes a check box for informing households that any voluntary reports must be reported on the next QR 7.

Sections 63-509(e), (e)(1) and Handbook

Specific Purpose:

These sections are adopted to specify that when a mid-quarter report is made, the CWD must recalculate benefits to determine if benefits can be increased in the current month. The section also states that benefits must be determined by averaging income over the current and remaining months in the quarter. Clarification is also provided for using a CalWORKs supplement in the FSP.

Factual Basis:

Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that when mid-quarter reports are made and increases in benefits result, the CWD must redetermine eligibility by averaging the actual gross monthly income reported and verified from the voluntary report for the current month and the future month remaining in the quarterly reporting period. Policy clarification is provided to explain that when the CalWORKs grant is increased with a supplement, the new CalWORKs grant amount to be used in the food stamp budget includes the original grant and the supplement. The Handbook section illustrates how a mid-quarter increase is calculated as guidance to counties.

Section 63-509(e)(2) and Handbook

Specific Purpose:

This section is adopted to specify that when a change in income is reported for the first time on the QR 7 rather than as a mid-quarter voluntary report, the CWD shall treat the report of decreased income as a voluntary mid-quarter report. Handbook further clarifies that changes that occurred in the Submit Month and are reported on the QR 7 will be considered voluntary reports.

Factual Basis:

Welfare and Institutions Code Section 11265.3(d)(1) specifies that a household may report a change during the quarterly reporting period verbally or in writing that may increase the household's benefits. In this situation, if the QR 7 is received in the Submit Month and decreased income is reported for the first time, the CWD must consider supplementing the household in that month. In most cases, the CWD will contact the household for more information to determine if a supplement can be issued.

Section 63-509(e)(3) and Handbook

Specific Purpose:

This section is adopted to explain that income already reported and used to determine benefits for the QR Payment Quarter cannot be averaged later in the quarter if the income has not changed. The example in Handbook illustrates the problem.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that grant calculations may not be revised to adjust the grant amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11263.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the Department. The Department made the decision that income cannot be re-averaged once it has been used to determine eligibility.

Sections 63-509(f) and (f)(1) through (f)(1)(E)

Specific Purpose:

These sections are adopted to allow households to make voluntary mid-quarter reports of changes in household composition and to specify to CWDs that only reported changes that increase benefits will be acted on during the quarter. These sections also provide the steps to be taken by the CWD when a new person is reported in the household.

Factual Basis:

Welfare and Institutions Code Section 11265.3(c) as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that the CWD shall redetermine eligibility and benefit amounts when voluntary reports are made during the quarterly reporting period. This would apply to all changes reported mid-quarter that result in an increase to benefits. This section outlines the steps needed to redetermine eligibility and benefit amounts mid-quarter for new members reported in the home mid-quarter.

Section 63-509(f)(2) and Handbook

Specific Purpose:

This section is adopted to specify that when all verification is received and all eligibility factors are met and benefits can be increased, the new household member is added the first of the month following the month in which the change was reported. The Handbook section provides examples for adding an individual to the household.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income and circumstances reported during the quarterly reporting period that result in an increase in benefits. Increases for mid-quarter changes can be made at any time during the quarter. The provision for adding a new member to the household remains the same under current food stamp regulations, which is to add on the first of a month during the quarter. With regard to adding the individual at the beginning of the month, this section is necessary to ensure the continuation of current requirements that remain relevant for QR households.

Sections 63-509(f)(3) and (f)(3)(A)

Specific Purpose:

These sections are adopted to specify that, after a redetermination of eligibility and benefits has been made and benefits would be decreased, no action is taken and that a No Change NOA must be sent to the household informing that benefits cannot be increased.

Factual Basis:

Welfare and Institutions Code Sections 11265.3(d)(2) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that counties shall act upon changes in income and circumstances reported during the quarterly reporting period that result in an increase in benefits. If the household reports a change that is expected to increase benefits, but benefits cannot be increased, the household must report the information on the QR 7. Otherwise, the QR 7 is considered incomplete. The "No Change NOA" is crucial to the functioning of the QR mid-quarter process.

Section 63-509(f)(3)(A)1.

Specific Purpose:

This section is adopted to clarify that a reported death of a household member is treated as a voluntary mid-quarter report for discontinuance of benefits for the individual.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h) and as otherwise established by the Department.

Section 63-509(f)(3)(B)

Specific Purpose:

This section is adopted to specify that the QR 7 is used to determine benefits for the next QR Payment Quarter and that a 10-day notice is required before benefits can be changed. The earliest the case can be discontinued is at the end of the Submit Month.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(a), 11265.2(a), (b), and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) specify that eligibility must be determined using prospective budgeting and reasonably anticipated income rules over the QR Payment Quarter. The 10-day noticing requirement is in accordance with current requirements in the FSP.

Section 63-509(f)(4)

Specific Purpose:

The section is adopted to specify what the CWDs actions are when adding a new household member results in ineligibility. If benefits cannot be increased, a NOA must be sent to the household informing them and also to remind them to report the change on the next QR 7.

Factual Basis:

Welfare and Institutions Code Section 11265.1 as amended by AB 444 (Chapter 1022, Statutes of 2002) describes the information that must be included on the QR 7 and also action to be taken if the report is not complete. The household is responsible for completing the QR 7 under penalty of perjury and for including all changes on the form. The new member must be reported on the QR 7 and eligibility determined for the next QR Payment Quarter. If ineligibility results, the earliest the household can be discontinued is the end of the Submit Month.

Sections 63-509(g) through (g)(2)

Specific Purpose:

These sections are adopted to specify that the household may request discontinuance of benefits as a mid-quarter change. Clarification is provided for requests that are made either verbally or in writing.

Factual Basis:

Welfare and Institutions Code Section 11265.3(e) as amended by AB 1402 (Chapter 398, Statutes of 2003) specifies that during the quarterly reporting period, a household may request that the county discontinue benefits. If the request is verbal, the county shall provide a 10-day notice before discontinuing benefits. If the request is in writing, the county shall discontinue benefits effective the end of the month in which the request is made and issue a notice of discontinuance.

Sections 63-509(h) and (h)(1) through (h)(1)(E)

Specific Purpose:

These sections are adopted to specify the mid-quarter adjustments to benefits can also be made as a result of county-initiated actions.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Those actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of "known to county" information, such as cost-of-living adjustments or changes in public assistance benefits and income match information from automated systems, etc.

Section 63-509(h)(2)

Specific Purpose:

This section is adopted to clarify that there is one exception to county-initiated mid-quarter actions in regard to recoupment of benefits for over-issuances. Recoupment will always begin with the beginning of a new quarter.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and

Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h) and as otherwise established by the Department.

Sections 63-509(h)(3) through (h)(3)(B) and Handbook

Specific Purpose:

These sections are adopted to clarify what "known to county" information is and what action the CWD must take when the information becomes known. The Handbook section provides examples for clarification of policy.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Those actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of "known to county" information, such as cost-of-living adjustments or changes in public assistance benefits, and match information from automated systems, etc. The Handbook section adds clarification for mid-quarter actions due to "known to county" information received by the CWD.

Sections 63-509(h)(3)(C) and Handbook

Specific Purpose:

These sections are adopted to specify that actions will not be taken against the household when the information received by the county was not required to be reported by the household. Also, information known to the county that may increase benefits cannot be acted on by the CWD unless the recipient reports the change in writing, verbally, or in person.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d), (e), (f), (g), and (h) specify those instances where the CWD can make a mid-quarter adjustment, called mid-quarter county-initiated actions. Those actions consist of sanctions or financial penalties, benefits decreased due to the approval of a household member in another household, discontinuance due to county transfers, status changes in the California Food Assistance Program, and reports of "known to county" information, such as cost-of-living adjustments or changes in public assistance benefits, and match information from automated systems, etc.

Section 63-509(i)

Specific Purpose:

This section is adopted to define the concept of “third party information” as opposed to “known to county information” in QR. This section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households.

Factual Basis:

Third party information is not “known to the county” information such as changes in CalWORKs benefits, but is a report received from an anonymous source about a household’s circumstances. A definition of the two types of information is necessary for clarity and to avoid any confusion in terms by the CWDs.

Section 63-509(j)

Specific Purpose:

This section is adopted from current regulations and is necessary to continue current requirements that have not been changed by QR law for QR households. This section clarifies how information received from systems matches are to be handled when the match information becomes known to the county.

Factual Basis:

Current regulation requires that CWDs treat systems match information as “known to county” information. Because match information received is over three months old, the treatment of the information is specific. For example, the information will be used to determine if the household reported correctly on past QR 7s, determine if an overissuance needs to be completed or a fraud referral made, or to clarify questionable current eligibility. Current match systems include the following: Income and Eligibility Verification System (IEVS), Payment Verification System (PVS), Integrated Fraud Detection/Earnings Clearance System (IFD), Franchise Tax Board (FTB), Asset Match/Internal Revenue Service (IRS) Match, Beneficiary Earnings Exchange Record (BEER), New Hire Registry (NHR) and other matches from special investigative units.

Section 63-509(k)

Specific Purpose:

This section is adopted to provide guidance to CWDs when third party and/or “known to county” information brings eligibility into question. This adoption is necessary to continue current requirements that have not been changed by QR law for QR and change reporting households.

Factual Basis:

This section is necessary to ensure the continuation of current requirements that remain relevant under QR. When conflicting information from third party or from information received by the CWD and was known by the CWD, the CWD must contact the recipient for resolution. Also, the third party or “known to county” information would only impact the household if it was information the household was required to report to the CWD.

Section 63-509(l) et seq. and Handbook

Specific Purpose:

This section is adopted to provide guidance for handling multiple changes that occur at the same time and sequentially. Reported circumstances are not combined to effect a change in benefits. The Handbook section provides examples for treating multiple changes that are reported at the same time.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the Department. The Handbook section gives examples for clarification of the treatment of multiple changes when they are reported to the CWD.

Section 63-509(m)

Specific Purpose:

This section is adopted to explain changes that the report of a new household member in the third month of the QR Payment Quarter will be held over to the first of the next quarter and also the collection of over-issuances.

Factual Basis:

Welfare and Institutions Code Sections 11265.2(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2002) states that benefit calculations may be revised to adjust the benefit amount during the quarterly reporting period, except as provided in Welfare and Institutions Code Section 11265.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the Department.

Sections 63-509(n) through (n)(2)

Specific Purpose:

These sections are adopted to specify the difference between restorations of benefits and reapplications of benefits. These sections are duplicated from current regulations and are necessary to continue current requirements that have not been changed by law for QR households.

Factual Basis:

These sections are necessary to ensure the continuation of current requirements that remain relevant for QR households.

Section 63-801.311(c)(2) and Handbook

Specific Purpose:

This section is amended and is necessary to continue current requirements that have not been changed by law for QR reporting households in regard to the household failing to timely report changes if they are a change reporting or QR household. This is a nonsubstantive change to refer to the QR 7, quarterly reporting form, instead of the CA 7, monthly reporting form. This section replaces the term "Nonmonthly reporting" with "Change reporting." A Handbook section is added to provide an example of how a claim would be established for failure to timely report in both a change reporting and QR household.

Factual Basis:

This section is duplicated from current regulations and is necessary to continue current requirements that have not been changed by law for QR households.

Section 63-801.737 and Handbook

Specific Purpose:

This section is adopted to comply with the QR rule that overissuance adjustments for QR households are initiated only at the beginning of a quarter. Handbook provides some guidance for the determination of O/Is in QR.

Factual Basis:

Welfare and Institutions Code Sections 11265.1(d) and 18910 as amended by AB 444 (Chapter 1022, Statutes of 2003) establishes QR and states that counties shall redetermine recipient eligibility and benefit amounts on a quarterly basis using prospective budgeting. Therefore, it is necessary to adopt regulations pertinent to over-issuances and under-issuances in the FSP for QR households. Welfare and Institutions Code Section 11265.2(d)

allows CWDs to adjust the benefit amount during the QR period as otherwise established by the Department. Handbook sections provide guidance to CWDs for establishing claims against households in a QR system.

Section 63-804.623

Specific Purpose:

This section is amended to continue current requirements that have not been changed by law for households participating in the FSP. This amendment consists only of a change in reference from CA 7 to QR 7, and does not affect a household's current responsibilities to file a request for hearing. This is a nonsubstantive change replacing an obsolete monthly reporting form with the appropriate QR form.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify that if a QR household wants to file a request for hearing for nonsubmittal of a complete QR 7, then that household must file its request prior to the effective date of termination of benefits.

Section 63-804.641

Specific Purpose:

This section is amended to continue current requirements that have not been changed by law for households participating in the FSP. This amendment consists only of a change in reference from CA 7 to QR 7, and does not affect a household's current responsibilities to continue to report household changes to the CWD until the end of its certification period. This is a nonsubstantive change replacing an obsolete monthly reporting form with the appropriate QR form.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify the reporting requirements for QR households, which include continuing to file QR 7s until the end of the household's certification period.

Sections 63-804.642(e) and (f)

Specific Purpose:

These sections are amended to continue current requirements that have not been changed by law for households participating in the FSP. These amendments consist only of changes in reference from CA 7 to QR 7, and do not affect the list of situations that may occur while a

hearing decision is pending. These are nonsubstantive changes replacing an obsolete monthly reporting form with the appropriate QR form.

Factual Basis:

Welfare and Institutions Code Sections 11265.1, .2, and .3 as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003) specify which situations will affect whether benefits are reduced or terminated, prior to the receipt of the official hearing decisions.

b) Identification of Documents Upon Which Department Is Relying

- Assembly Bill 444 (Chapter 1022, Statutes of 2002)
- Assembly Bill 692 (Chapter 1024, Statutes of 2002)
- Assembly Bill 1402 (Chapter 398, Statutes of 2003)
- Waiver request to the Food and Nutrition Service dated November 1, 2002
- Food and Nutrition Service response dated April 1, 2003 in response to CDSS' waiver request

c) Local Mandate Statement

These regulations impose a mandate upon county welfare departments but not on school districts. There are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the States Mandates Claims Fund. It is anticipated that overall savings to the General Fund will occur as a result of implementation of these regulations.

d) Statement of Alternatives Considered

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

e) Statement of Significant Adverse Economic Impact On Business

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.